[redacted] SECRET CONTROL

SUMMARY OF SSU ACTIVITIES DURING JANUARY 1946

1. GENERAL

SSU continued to gather current intelligence data overseas, to adapt its functions towards a permanent intelligence collection program, and to liquidate OSS war-time functions.

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2. SI BRANCH

The Swiss Desk reported increasing production of material of value to the State Department and its London delegation. It was decided that no further designations would be requested from the State Department for SSU personnel in Switzerland and that the status of personnel attached to the mission would be completely readjusted. The SI Mission in Brussels, Belgium was discontinued. Although the number of reports received from Paris declined considerably the proportion disseminated rose sharply. Both the quantity and quality of Q-material from Spain was markedly improved. The Far East Section recruited and began training of 39 men for China. In the South Asia Section it was feared that unless plans for the future could be started, an interval of non-productivity could not be avoided. Information was furnished General Eisenhower at his request on the ferment in Burma. All sections

[redacted] SECRET CONTROL

of SI other than geographic sections were reorganized under the new P Branch of SI (SI, p. 22).

3. X-2 BRANCH

Lengthy negotiations were successfully concluded with the Spanish Foreign Office concerning the repatriation of German officials and intelligence officers to Stuttgart from Madrid.

4. TRAINING DIVISION

Ten students were assessed for X-2, and 33 students were being trained for SI.

5. SERVICES BRANCHES

The 1946 interim budget was completed, and the 1947 fiscal year budget practically completed.

6. CD BRANCH

Regular activities continued.

7. SECURITY BRANCH

Regular activities continued.

8. No reports have been received from the Communications and Personnel Branches.

9. EUROPEAN MISSIONS

A. Austria

With the completion of the reorganization of SI/Austria there was a noticeable increase in volume

of reports (Austria, p. 1). Coverage of Hungary, Yugoslavia and Poland improved as did reports from the Hungarian Intelligence Unit (Austria, pp. 3, 4). High-level political reporting from the Vienna Intelligence Unit was inadequate due to preoccupation with Vienna's Nazi problem. A valuable report was received from Budapest on Russian imperialistic intentions, and the arrest of a number of Soviet officers attempting to kidnap the main agent in project "Cactus" was accomplished. This attempt caused strong protests by General Mark Clark to Marshal Koniev and resulted in the commendation of SSU/Austria by the Commander, USFA (Austria, pp. 4, 5, 7). "Sarazen" reports on the Vatican were considered excellent, particularly one on a special Communist intelligence group in Hungary and another on Yugoslav plans for intensified Croat resistance (Austria, p. 10). Investigation of the "Dawes" case failed to bring any more defendants into custody and the case was officially transferred to the Third U. S. Army, JAG for trial and combined with the Mauthausen Concentration Camp case.

An acute personnel problem was reported. It was anticipated that approximately one-half the present Vienna and Salzburg staffs would be eligible for release from service by the end of April 1946. Under the present

physical setup it was felt that this loss would seriously cripple the operational and administrative functions of the Mission (Austria, pp. 1, 2).

B. Switzerland

The SI Branch made strong progress in obtaining intelligence reports as the contacts which had been developed over a period of six months began to bear fruit. It was thought that the political intelligence which SSU/Switzerland would develop would prove of particular value to the State Department and the American Delegation in London (Switzerland, p. 1). An acute personnel problem was reported at it was impossible to obtain State Department designations for replacement personnel. It was difficult to understand the true reason behind this as cooperation continued on an excellent level with the American Minister who always accepted new designations when proposed by State. It was assumed that the difficulty rested with the Passport Division of the State Department, and it was urgently requested that Washington give the matter particular consideration (Switzerland, pp. 2, 6). Coverage of the activities of the Spanish Pretender remained thorough and political reporting on the South Tyrol consumed a considerable part of the month's energies. Vatican and Monarchist contacts continued

to be developed, and close insight into Roman Catholic policy was obtained. Hungarian sources provided official statistics on agriculture, industry, and public health, and general coverage of Yugoslavia remained good. In accordance with the desire of Washington and AMZON, two intelligence chains were set up in the French Zone of Germany to gather intelligence on economic and political activities there (Switzerland, pp. 4-6).

C. Great Britain

The Liquidating Unit completed its activities on 31 January and reduction in civilian personnel as well as in liquidation of outstanding financial obligations continued (Great Britain, pp. 1, 14). A procedure for presenting awards to foreign nationals was established and the London Secretariat arranged for all outgoing pouches to be handled by the Embassy as the APO was expected to close approximately the middle of February (Great Britain, p. 1).

The number of Broadway reports received was substantially the same as in December, and a large number of items from Broadway were made available to the Ambassador directly, particularly reports on Spain. With the departure of Art Unit personnel, X-2 was reduced to its "permanent" status except for its contribution

to the Counter-Intelligence War Room, by agreement with representatives of MI-5 and the French, which was to cease operations officially on 1 March (Great Britain, pp. 2, 9). X-2 made approximately 200 security checks on visa applicants for the American Embassy, London and 13% of these checks resulted in derogatory information on the individuals traced. The Intelligence Section processed and disseminated interrogation and liquidation reports and continued to prepare briefs for GIS interrogations. No arrests of any importance were reported (Great Britain, pp. 9, 10).

D. France

Administrative problems confronted the Mission which entailed keeping a fairly large number of service personnel as Paris appeared to be the focal point for SSU personnel travelling within, to, and from Europe (France, p. 1). The production of intelligence remained steady and the "Z" operation was activated and reached the state of reseau organization. Progress was reported in the coordination of joint SI and X-2 projects and activities (France, p. 2). The X-2 Vetting and Tracing Section began to service the Military and Permit Office (Paris Branch) of the American Military Government, Germany (France, p. 5). The Communications Branch received a circuit to the American Embassy in Warsaw which was to remain available but inactive (France, p. 8).

E. No formal reports were received either from Germany or MedTO.

10. NEAR EAST MISSIONS

SI field operatives were located in Syria, Lebanon, Iraq, Iran, Palestine, and Athens and routine intelligence activities continued (NETO, p. 5). With the acquisition of the services of a radio operator formerly in OSS, SI/Athens was able to look forward to enjoying regular wireless communications with the field for the first time since October. Intelligence coverage of Greece was less than desired due to the absence of the Chief/SI (NETO, pp. 12, 13). It was thought that X-2 would be in a reasonably good position to continue operations under the new Intelligence Group upon the withdrawal of the United States troops from the Africa-Middle East Theater in the next few months.

No essential loss of X-2 personnel was anticipated until the end of the fiscal year, and, with the exception of Cairo, relations with the State Department were formalized. Among X-2 reports received for distribution, the most substantial were those dealing with the archives of the Japanese Legation in Beirut, which included the official black-list of persons not to be granted visas to Japan, and those bearing on the use,

by the Russians, of the Union of Polish Patriots as a source of intelligence on Polish nationals (NETO, pp. 6, 7).

In Istanbul satisfactory progress was reported. A new agent, [himself a Turk] who in the past had worked for [X-2 and the Naval Attache] with a wide knowledge of [Turkish] politics, was employed by SI. It was hoped that he would provide proper background and perspective to political reporting from this area (NETO, pp. 2, 3). A preliminary report on Russian intelligence was distributed by X-2 on behalf of the Consulates in Istanbul and Ankara. This report discussed the size, objectives, security, and organization of this service, and, in addition, listed known and suspected Russian agents of Soviet and other citizenship. The report was sent to the American Ambassador who had expressed a desire to have this information (NETO, pp. 2, 3, 4). Difficulties in reception from Cairo and radio contact with Bucharest arose (NETO, pp. 2, 8). In spite of contrary orders from Cairo, it was decided to continue the purchase of publications for R&A and IDC/Washington until assurance was obtained that these publications were reaching Washington through other channels (NETO, pp. 2, 3, 6).

11. AFRICAN MISSIONS

The representative at Addis Ababa left on 17 January, and official request was made of the State Department for his replacement. The American Minister at Addis Ababa cabled the State Department that he wished SSU activities to continue and that the replacement was acceptable to him. Only irregular communications were possible with Algiers, since ATC was unable to maintain flight schedules. Plans had been developed for permanent and long-range SSU representation at Tangier and in Libya. However, because of the uncertainty concerning the continuity of SSU, these plans could not yet be carried out.

12. FAR EAST MISSIONS

A. China

Reports were concerned primarily with Chinese Communist and Russian activities and prevailing economic conditions, with a gradually increasing number of reports on Russian activities in Manchuria. Field teams were informed that SI/Washington had requested political information from the larger cities of China and that MIS had asked for data on the Chinese Nationalist Army. An undercover mission was awaiting transportation to Hanoi in order to obtain information from northern French Indo-China. The team enroute to Mukden with Chinese forces

was located at Chinchow, Manchuria and making short reconnaissance trips in that vicinity.

At Peiping SSU held weekly intelligence briefings for the Marines, the Consulate, U. S. Army Liaison, and Executive Committee headquarters. This detachment maintained the only up-to-date situation map on the Kuomintang-Communist conflict, and obtained a promise of full cooperation from the Communist Commander of the Central Hopei Military District. The Tientsin detachment interviewed T. V. Soong and Tai Li on the current situation (China, pp. 2, 13). The Central Intelligence Section filled many specific requests for Theater and other agencies (China, p. 7). The Order of Battle Section maintained books, charts and maps on all available information and initiated a biographical file on Communist military leaders.

An X-2 representative flew to Manila for consultations on the disposition of Filipino traitors in China. The former Commander of the Kempei Tai in Formosa was preparing a history of the Kempei Tai for X-2 representatives. Records seized from the German Embassy at Peiping by X-2 yielded sealed diplomatic pouches as well as documents revealing the disposition of $900,000 German funds in North and South America during 1940-1944. During November and December the Canton office uncovered

a sizable counterfeiting ring and provided the Chinese with information which led to the arrest of 64 Japanese and Chinese (China, p. 6). In addition to obtaining information on the former enemy and collaborators, X-2 continued to investigate Russian, Chinese and British intelligence activities. At the request of G-2, the Shanghai office prepared a memo on the Soviet campaign to discredit American personnel in Shanghai, carried on mainly by Tass, the official Soviet news agency (China, p. 13).

With regard to war crimes investigation, SSU reported that American policy in China had allowed chief Nazis and other criminals to remain free, a situation which detracted from United States prestige in Shanghai (China, pp. 10-12).

B. Southeast Asia

The amount of intelligence disseminated increased with the reopening of a base in Medan, Sumatra and with renewed activity in Calcutta and Delhi in connection with the political unrest throughout India. An increasing amount of material was received from British SCIU field units concerning interrogations of Japanese intelligence officials imprisoned in Saigon and Singapore. One such interrogation produced an appreciation of the Japanese Army Intelligence in French Indo-China (India-Burma, p. 1).

During the course of several conferences held with the staff of the Theater Commander in regard to SSU activities, it was pointed out to the Theater Commander by the Chief of Staff that SSU was furnishing over 90 percent of intelligence disseminated by Theater G-2 (India-Burma, pp. 3, 4). It was anticipated that by April 15 there would be a sharp reduction in this coverage when all intelligence reporting would be done by SSU personnel assigned to the State Department and reporting to SSU/Washington via State Department channels. The Theater Commander was anxious to adhere to the schedule for liquidation of the India-Burma Theater and so was pressing SSU to accomplish the transfer of personnel to State and to close SSU as a unit as soon as possible. The SSU Chief of Mission questioned the advisability of the withdrawal of SSU missions from French Indo-China and the Netherlands East Indies since he considered it doubtful whether one man alone in Saigon, Medan or Batavia could adequately report the situation, and also believed that military cover would be for a time more valuable than State Department cover (India-Burma, p. 7). However, Theater orders for liquidation were being complied with and arrangements begun for the transfer of personnel to the State Department. Some difficulty was being experienced in obtaining volunteers for these assignments,

principally because it was impossible to guarantee employment for a specific length of time (India-Burma, p. 2). Liquidation proceeded with the closing of all Ceylon establishments and a clearing of property accounts. Preliminary arrangements were made for the disposal of SSU property.

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TO: Executive Office

FROM: Central Europe-Scandinavia Section, SI

SUBJECT: Monthly Progress Report for January 1946

1. Progress of liquidation - Lt. Col. Howard M. Chapin, Chief of the Section, was replaced by Major Hans V. Tofte. Col. Chapin received his discharge from the Army and returned to a civilian position in New York.

2. Progress of activities to be continued in peacetime - The responsibilities of the German and Scandinavian Desks and the Austrian Desk for handling raw intelligence and service of personnel will continue as in the past. Dr. Strong will be responsible for the Austrian and Major Tofte will be responsible for the other two.

3. Future planning - Every effort is being made to maintain and expand, where it is deemed advisable, those operations in the field which have value for long-range peacetime intelligence activities. An effort also is being made to retain or replace the personnel in the field who are rated as useful in the work.

4. Problems or difficulties - Some difficulty has been encountered in returning personnel to the missions who were brought back to the States for temporary duty and recuperation. It is anticipated that considerable difficulty will be encountered in recruiting and dispatching replacements for essential personnel who will shortly return from the field.

5. Intelligence reports received - Total number for January - 900.

During January 1946, the Central Europe-Scandinavia Section of the Reporting Board handled 900 reports, of which 148 were disseminated to our regular customer agencies.

The reports from Austria and Czechoslovakia were up to their usual standard. DNI returned a very favorable evaluation on a Danish report and requested more reports on the subject.

SECRET

MONTHLY PROGRESS REPORT

January 1946

SOUTHEAST EUROPE SECTION, SI

Liquidation:

No further liquidation of this Section is contemplated. The Section must have additional personnel as soon as the status of SSU is determined.

Activities to be continued in peacetime:

The Southeast Europe Section has the same representation in Greece as during the past two months.

Lt. Colonel Jerome Sperling, Chief SI in Athens, completed his TD and period of leave in the United States and returned to his post in Athens. He left Washington by air on 25 January 1946.

2nd Lt. Ira C. Hamilton, Jr., was accepted by General Schuyler for SI representation on the ACC Bucharest, and left Washington by air for Bucharest on 26 January 1946.

There is another opening for SI on the ACC Bucharest. Candidates for the post are being considered.

Mr. C. G. Peristianis has been recruited to serve as a Clerk (CAF-5) in the mission in Athens. He should be ready to leave about the first of March. He will help to fill the gap caused by the departure of Mr. Moses Hadas from Athens; Mr. Hadas is expected to return to Washington during the month of February and will be transferred back to R & A.

Plans:

United States' recognition of the Rumanian government may make the use of commercial cover for operatives possible in the near future.

Problems and difficulties:

Essentially unchanged.

Reports:

M/Sgt. Hallas has been away from his desk during the month of January because of illness. Reports on Yugoslavia, Bulgaria, Hungary and Rumania have been edited by Mrs. Clifford during his absence. SI in Austria have continued the high quality of their reports on Hungary. A very long but extraordinarily excellent report on Macedonian autonomists in Greece was received from SI Athens.

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SOUTHEAST EUROPE SECTION, SI

Reports (continued):

An analysis of reports received from Greece, and disseminated is as follows:

G-Reports Submitted		G-Reports Disseminated		Percent Disseminated	
Jan.	Dec.	Jan.	Dec.	Jan.	Dec.
22	14	22	14	100%	100%

S. L. Wallace
Chief, SEE-SI

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Copy 1 of 9

PROGRESS REPORT

FAR EAST DIVISION, SI BRANCH

JANUARY, 1946

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A. PROGRESS OF LIQUIDATION

All service and civilian personnel who were to be severed from the organization in connection with earlier liquidation plans have now left. Continuing personnel are adequate in number to handle any returnees still to come from the theater who have to be processed for termination.

B. PROGRESS OF ACTIVITIES TO BE CONTINUED IN PEACETIME

1. Japan-China Section

To implement SSU expansion in China, as requested by the theater, 39 men were recruited during January and arrangements were made with Schools and Training to give them a one-week course in SI field methods. Their training is now in progress and preparation for their transportation to China is being made.

The Intelligence Objectives Unit has established cooperative relations with various sections of "P" Branch in order that directives may fully reflect the knowledge and interests of all specialists in SI.

The Korean language course at the University of Pennsylvania was completed. Out of the six students and two instructors connected with the class, the Japan-China Section recruited a total of five men who are among the trainees mentioned above.

Lt. Comdr. Carleton Swift returned from China and joined this Section as Intelligence Officer. His immediate knowledge of field conditions will greatly implement coordination between Washington and the field.

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2. South East Asia Section

Lt. Col. Moscrip, returning to the field to liquidate the military organization, was briefed as to the preservation of certain interim factors which might be of benefit to a long-range program.

During the month, two former members of OSS planned to return to South East Asia in commercial capacities. These individuals may be used discreetly as developments permit. Another former OSS officer is already in the area "asleep" and may have limited uses in the future. A non-OSS individual with both war and peacetime experience in the area is going out in a particularly favorable position. He is being alerted for a possible "pick-up" later. To none of these were any commitments made, nor was he given any hints as to the future operations of the organization.

One officer who has been in Washington on temporary duty expects to return to the field soon in connection with the interim program. It is hoped that another officer will go out soon to make a complete survey of future possibilities.

3. SIGIS

During January, SIGIS was reorganized completely. All photo files covering China, Manchuria, Japan and Korea were indexed, plotted and filed in special file cabinets. Map coverage on the same areas was re-assorted and filed in proper order.

Map coverage for the above areas secured from the Japanese Army in North China was turned over to the Army Map Service for reproduction purposes. This material was received with considerable satisfaction, inasmuch as it was not available in the United States.

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The Section briefed personnel departing for China. Briefing covered SI reporting, order of battle and Military Intelligence.

4. Order of Battle Section

Order of battle covering the Chinese Nationalists, Chinese Communists and Soviet Army movements in Manchuria was taken over from Lt. Col. Ray Crowley by Mrs. Stampedos. At present she is collating and processing this information prior to the publishing of handbooks.

C. DIFFICULTIES

In the South East Asia Section uncertainty remains the chief difficulty. Since no commitments can be made, all operations are governed by opportunity and expediency. Every effort is made to assure a continuing flow of intelligence, but it is feared that unless the staff can start now to build firmly for the future, an interval of non-productivity can hardly be avoided. Perhaps it is already inevitable.

The delay in the receipt of cables, which has been a difficulty for the past two months, was rectified and the cable service improved greatly during January.

D. EVALUATION AND DISSEMINATION OF INTELLIGENCE RECEIVED

1. General

During the month, a direct request was received from General Eisenhower for information on the ferment in Burma. He was reported to be well pleased with the intelligence furnished.

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2. Reports Received

(a) Quantity

With the exception of two reports from French official sources, all reports were from SSU sources.

A total of 619 reports was received during January, netting an increase of 192 over December. This figure is the highest on record.

No reports were received dealing with Japan or Korea.

(b) Quality

China cabled reports continue to deal chiefly with Communist activities and order of battle, but included a gradually increasing number of items on Russian activities in Manchuria. Pouch reports dealt also with economic and general conditions, but political reports continue to be conspicuously absent.

French Indo-China reports have dealt less with military aspects and more with political developments than heretofore. The lack of representation in Hanoi continues to be apparent although a considerable number of second hand reports on conditions in Northern Indo-China have been received from Saigon. Following a request by the State Department, arrangements have been instituted to place SSU personnel in Hanoi.

Siam reports continue to be mainly political or politico-economic in content. Netherlands East Indies and Malayan reports cover both military and political activities in the areas. In some instances field evaluations appear to be optimistically high. Burma-India

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reports are almost exclusively political and deal with the growing friction between the British Government and the native political elements.

3. Reports Disseminated

The total number of formal disseminations made during January, 450, shows an increase of 100 over December 1945. This is the highest on record.

The number of reports distributed under memo cover during January was 15, as compared with 48 in December.

E. FUTURE PLANNING

With the closer approach to the possibility of the establishment of a central intelligence agency, members of the Division concerned with future plans have bent their efforts to complete and revise operational plans. These are now at a stage of finish and detail where they can be utilized as a basis for implementation by a peacetime secret intelligence group concerned with the Far East.

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Copy #7 of 8.

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STRATEGIC SERVICES UNIT
WAR DEPARTMENT
MISSION TO GREAT BRITAIN
UNITED STATES FORCES, EUROPEAN THEATER

PROGRESS REPORT

1-31 JANUARY 1946

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Finance and Civilian Personnel. . . .	V	14

Distribution:

Copy #1 - Washington
" #2 - Germany
" #3 - Paris
" #4 - ER Branch, London
" #5 - X-2 " " "
" #6 - Director/Secretariat, London
" #7 - Washington
" #8 - Washington

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Copy # 7 of 11.

STRATEGIC SERVICES UNIT
WAR DEPARTMENT
MISSION TO GREAT BRITAIN
UNITED STATES FORCES, EUROPEAN THEATER

6 February 1946

GOVERNING REPORT

FOR SSU MISSION TO GREAT BRITAIN

1-31 JANUARY 1946

I. MAJOR DEVELOPMENTS

A. Since the departure of Lt. Comdr. Proctor on 4 January for Switzerland and Italy the undersigned has been Acting Chief of Mission.

B. The Liquidating Unit completed its activities on 31 January; 2 officers and 6 enlisted men so engaged are shipping home the end of this week.

C. Personnel assigned to this Mission as of this date:

OFFICE of the CHIEF (Includes telephone operators, guards, drivers, messenger, etc. for entire Mission)	20
FINANCE	3
X-Branch	5
X-2 Branch	14 ...TOTAL 42

D. The Adjutant during the month established a procedure for presenting awards to foreign nationals; he also took over all supply duties. These duties will be combined with security, signals, and other administrative and executive functions performed by the undersigned when Comdr. Proctor returns.

E. Message Center. Incoming traffic has gone up 26%; outgoing traffic has gone down 15% from the previous month. (See tabulation attached.)

F. The Secretariat has arranged for all outgoing pouches to be handled by the Embassy, as the APO is expected to close the middle of this month. All incoming mail (classified) should also be addressed to us via the London Embassy; unclassified mail will go and should come via regular mail.

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II. PROGRESS ON SPECIAL PROGRAMS

A. 1) To develop clandestine positive intelligence from Great Britain (CIG): The number of Broadway reports received during the month (148) was substantially the same as for last month (145). Our own output to Broadway remains comparatively small. The Branch has been bowed down under shortage of staff (2 short of the personnel permanently assigned them) and an accumulated backlog of reports. Conversations with opposite numbers at Broadway (SLU) stressed the desirability of continued close cooperation.

B) To develop clandestine counter-intelligence from Great Britain (X-2): All Art Unit personnel have left London, and X-2 is now down to its "permanent" status except for the War Room (a joint Allied effort for 18 months) whose four X-2 American members will sever their connection March 1.

Out of 500 tracing and/or vetting checks done, about 200 were security checks on visa applicants done for the Embassy; X-2 found 13% of visa applicants with derogatory information against them.

The Intelligence Section processed and disseminated interrogation and liquidation reports and prepared briefs for CIG interrogations. A survey of CIG repatriations from Sweden, Turkey, Spain and Portugal has been started.

James S. Taylor
JAMES S. TAYLOR
Major, AUS,
Acting Chief.

Distribution:
Copy #1 - Washington
" #2 - Germany
" #3 - Paris
" #4 - MI Branch, London
" #5 - X-2 " , London
" #6 - Director/Secretariat, London
" #7 - Washington
" #8 - Washington
" #9 - Washington } Copies #9,10,11 of the Covering Report
" #10 - " } separate from Copies #1, 7 and 8 attached to
" #11 - " } Overall Report for Mission.

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SECRET

Copy #7 of 8

SECRET

PROGRESS REPORT
January 1946
ER Branch

I. BRANCH MATTERS

During January the work of the Branch has been unusually heavy, primarily because of continued shortage of staff, only partially offset by the loan of Mr. Stanley Baron. The latter has been extremely helpful to us in the processing of Broadway reports, in particular an accumulated backlog from the previous month in the Larbury series. Mr. Baron expects to leave London by the end of February. It is hoped that by that time one Reports Officer, who has been granted the necessary clearance, will have arrived here; a rewrite assistant, indispensable to adequate operations in this Branch, has been requested from Washington.

II. BROADWAY

In the course of the month discussions have been held by the undersigned with our opposite numbers at SLC, who have informally but repeatedly stressed the desirability of continued close cooperation. It was realized by both sides that long-term agreements on a high level would have to wait for the stabilization of our organizational future in Washington. Washington in turn has been advised of this in detail. In the meantime we are maintaining a friendly and useful relationship with Broadway through SLC, very much along the lines of the past few months.

III. U.S. DELEGATIONS, UNO AND COUNCIL OF FOREIGN MINISTERS

Talks have been held with our contacts on both American delegations in London, first to bring us up to date on their requirements of information from us. We have been assured of their appreciation of material that we distribute to them on an almost day-to-day basis. The particular needs of the U.S. side of Coform have been outlined in a cable to the missions directly concerned with providing material, which we assume will be considered a general guide for future use.

IV. EMBASSY

In addition to sending reports in the usual manner to the Embassy, we have this month made available a large number of items from Broadway and from cabled material sent to us by other missions (notably on Spain) to the Ambassador directly.

V. PARIS

Dorset 2 on his visit to London has explored the possibility of making use for Paris and Amzon, partly via London, of a few key contacts among the German political emigres.

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Details remain to be worked out.

VI. BROADWAY INTELLIGENCE

Intelligence intake has been substantially unchanged (a total of 148 as against 145 for the previous month). Detailed breakdown by country and series will be found on the attached chart. The reports listed in the Harbury series for Lambda are frequently of such a nature that in disseminating them a number of individual reports are conveniently combined into one dissemination so that the figures in our breakdown should be read as indicating the number of individual reports actually received and sent out on the basis of each separate report without taking into account any of the compilations referred to.

Among the countries figuring most prominently in the Coventry series, Spain took first place, and of late some of that material has tied in closely with information we received from SSU, Berne. As usual, Greece was again covered in considerable detail; Turkey too received more attention than the remaining countries listed, which were treated rather sporadically. It seems difficult at this stage to hope for an increase in Coventry reports, over which SLC has no direct control, as long as our own output to Broadway remains on as comparatively low a basis as in the past month or two (this primarily because, as was explained to Washington, we no longer distribute reports from the Near East in London in order to avoid duplication of the disseminations by our missions there to BLO locally).

During January special material was received for direct transmittal to the Chief, SI, Washington.

In the Harbury series, one compilation again stood out, No. S-1370, which, though containing a good deal of previous information, added new items and in general represents a handy study for reference purposes on Polish OB.

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COUNTRY	SERIES	NO.RECD	NO.DISS.	MASH ONLY	CABLED IN ADV.
Austria	Coventry	3	3		1
Canary Islands	Coventry	1		1	
Czechoslovakia	Coventry	3	2	1	1
Finland	Coventry	2	2		
Germany	Coventry	1	1		1
Greece	Coventry	21	18	3	
Holland	Coventry	1	1		
Indo-China	Coventry	1		1	1
Italy	Coventry	1	1		
Lambda	Bulkington	1		1	
	Coventry	1	1		
	Harbury	61	43	18	
Poland	Coventry	1		1	
	Harbury	13	11	2	
Portugal	Coventry	2	1	1	
Portugal/Spain	Coventry	1	1		
Spain	Coventry	3	2	1	6
Turkey	Coventry	7	7		
Turkey/Lambda	Coventry	1	1		
Yugoslavia	Bulkington	1	1		
	Harbury	2		2	
Totals	Bulkington	2	1	1	
	Coventry	74	61	13	
	Harbury	76	54	22	
		148	116	32	12

Report	Subject	Comments and/or Evaluations
L-958	Resumption of Tank Production	WO: C Although interesting in that it gives the information that German PWs are being used in the manufacture of Russian tanks, this report does not detail any factories in which such labor is employed. The information on tanks being produced does not conform to what is known here of Russian tank production The KV 85 went out of production in 1943 and the SU 85 in early 1945. Nothing is known of a T.34 with a turret newer than that mounting an 85 mm. gun, a version which went into production about 18 months ago. If source has details of a later version than this we shall be interested. We are also interested in the latest addition to the KV series, a heavy tank believed to be known as the 'Shchuka' (Pike) which is at present replacing the 'Josef Stalin'.
L-972	New Nazi Resistance Organization	WO: B This report is very interesting We should welcome any confirmatory details which source could supply.
L-975(TS)	Russian Troop Movements in the Elbe Area	WO: A This report confirms a report already received by us to the effect that during the last weeks in October the bulk of the original assault troops moved out of the districts of PARCHIM, PERLEBERG, SALZWEDEL and BRESLAU (?) in the direction of the Baltic ports. MEW: Para 3 of value as confirmation.
L-1003	Armored Concentrations in Mecklenburg	WO: B This report, although useful as a general indication, would be of greater value if it contained even on a few locations where tanks had been seen.
L-1004	Red Army Installations	WO: A A useful report. Para 4: Other reports have spoken of the number of troops in this area. They may however be there for manuevers, as there appears to be a training area between Stendal and Neuhaldensleben.

Report	Subject	Comments and/or Evaluations
		Para 7: Details of the extent and direction of these movements are required, also any details (such as vehicle numbers, equipment, unit signs) which may enable us to identi Para 8: This is confirmed by other reports which we have received. Any details (such as number of trains or estimated size of formation being moved) which would help us to estimate the extent of this or similar movements would be appreciated.
L-1005/a	Red Army Concentrations in Silesia	WO: A Para 1: These figures seem a trifle high, as they are approx. the strength of an arty div and a half. Para 3: The dismantling teams would appear to be from the "Special Troph Battalions".
L-1028	Industries in the Russian Zone	H.Q. Political: B This kind of info is useful, but more details would be appreciated.
L-1032	Russian Troop Locations, Movements, and Industrial Activities	WO: A Para 13: This info does not agree with other reports received on Sagan. 2,000 young recruits are said to be stationed in the town, and a tank regiment is reported in the Panzerkaserne, having arrived on 10 November 1945. Your report may, howev mean that this regiment has left, in which case Sagan may be solely a tra sit area. Can you confirm, please?
L-1036	Recruiting of Germans for Red Army	WO: B
L-1039	Polish Militia and Political Police	WO: B We are very interested in the activities of these organizations.
L-1041 1040 1045	Russian War Production and Conscription; Prisoners of War; Russian Factories	WO: B A very useful report. MEW: The particulars of employment c German PWs are interesting and usefu
L-1041	Russian War Production and Conscription	WO: B We agree with source's comment on para 2.

Report	Subject	Comments and/or Evaluations.
L-1042	Russian Dismantling of German Aircraft Factories	Air Ministry: B A very interesting report - type of info we are anxious to secure. Reference the comment at the end of the report, the info differs considerably from that contained in LB-48, of 24 October 1945, which appears more reliable.
L-1048(TS)	Exchange of Russian Border troops	WO: B This information is rather out of-date but it confirms many previou reports of troop changes in this region. We badly need firm identifications in this region.
L-1056	Proposed Withdrawal of Russian troops	WO: C Rumors of the Russians being due to evacuate Germany have been rife in many parts, but are probably due to "wishful thinking" on the par of the Germans.
L-1075	Repain of Armored Training Ground; Anti-Desertion Measures	WO: B This would be of greater value if the total number of troops stationed in and around Zossen had been stated.
L-1079/a	Red Army Troop Locations and Movements	WO: B Thank you. A very useful repor and some interesting material. Ref. Para 8: We should like further info on the lay-out of 2nd Shock Army, present whereabouts of 5th Shock Army in area Berlin-Stralsund but it is possible that it has moved elsewhere. Para 22. The Army was in this are though we are inclined to think it is now in "New Russia" at Brest Litovsk. Confirmation or otherwise would be most acceptable.
LA-81	Petroleum Production in Austria	MEW: C This report provides a useful supplement to information already available.
LA-144	Land Reform-(Hungary)	MEW: C

Report	Subject	Comments and/or Evaluations
LA-187	Soviet Occupation Troops in Austria; Soviet Post-War Conscription	WO: B Thank you. We think para I reasonable but para II needs further confirmation before it can be accepte
LA-191	Location of Army Units and War Production in Jugoslavia	MEW:C WO: B 1st Army was reported as having a Tac HQ. at NIS for operations against dissident elements. Can this be checked? Confirmation of reported HQ 1st Army at Hish would be useful. Div. identifications are always most welcome.
LA-192	General Information on Jugoslav Army	WO: B Last two paragraphs noted. Further information would be valuable
LA-196	Arrival of Russian Occupation Troops from Czechoslovakia	WO: B Para A.1: It is not clear what is meant by a "motorized" division. There is no evidence that the Russian had any formations(?) so-called at the end of the war, though we have ha a recent report of an infantry div. being converted to a motorized div. Possibly a motorized brigade is intended? Para A.2: Again we do not believe the Russians have tank divisions, but onl Corps, brigades and regs. However, it is possible that the "tk. div." is a post-war organization. Any more info on this point will be most acceptable Section B. Para 2.: These vehicle markings are a useful contribution. So far we have insufficient information to identify the formations referred to.
LA-239	Jugoslav Battle Order	WO: B Contains some inaccuracies and is not a report on which one should care to base any identifications. HQ of 20th Div is given by most sources as Villa Del Nevoso. The info on 13th Div (para.16) is of interest - can any source confirm this and give the subordinate brigades?

Report	Subject	Comments and/or Evaluations
LB-54	Attitude toward Repatriates	WO(?): This is very interesting- we should like more.
LB-59	Dismantling of Plants	MEW: C Unterweilenborn is only one of the eight iron and steel plants belonging to the Flick group situated in the Russian Zone. Thale belongs to the Otto Wolff concern. The information would have been more valuable if precise mention had been made of the other plants by name, stating whether dismantled or just standing idle.
LB-64	Condition of Industry	MEW: B
LB-77	Industrial Notes	MEW: C
LB-81	Information on the Railroads	MEW: C
LB-84	Report from the Province of Saxony	MEW: B Of value, especially info of the type given in Para 1.
LB-90	Report from Thuringia	MEW: B Of value. Can source indicate which B.M.W. owned factory in the Eisenach district he refers to?
LB-91	Land Reform Procedure	H.Q. Political: B An interesting report, but we wish we could have had it earlier.
LB-110	Production of Gasoline	MEW: B
LB-120	"Stalin-Schüler"	WO: B Thank you for a valuable repor We know very very little about this subject and should appreciate any further info on Stalin Schueler in general and the following points in particular: 1. How many "Lenin Schools" are the: Can we gain any idea of the annual output of Stalin Schueler? 2. Are all these Schueler potential officers? If so, at what point in their careers are they commissioned

Report	Subject	Comments and/or Evaluations
		3. How long does the course at the military academy last? Is it a special military academy or do they go to one of the ordinary (officer) academies belonging to one of the arms of the service? 4. Para 1 of the report mentions "strong formations" of so-called "Stalin Schueler". Are we to understand that there are field formations (or units) consisting of Stalin Schueler of all ranks or are sources' references to OCTUs or training units
LB-121 (Para 9 only).	Province of Saxony, Miscellaneous	WO: B An interesting report. Our existing knowledge suggests that source is working on right lines. More of the same kind of thing would be appreciated.
LC-388	Czechoslovak Policy Concerning Foreign Trade	FO: B We should be glad to receive any further info on the subject of Para 1 of this report.
LC-390	Evacuation of Russian Troops from Terezin; Russian Troop Movement	WO: B Thank you. This confirms the general impression.
LC-396	Government Attitude toward the European Coal Commission	MEW: D
LC-409	Czechoslovak-Soviet Trade Agreement Runs into Difficulties	FO: B
T-4024(TS)	USSR Baltic Fleet	Admiralty: A This is excellent. Any further details will be welcome, particularly: a. Which minesweepers and M.T.Bs make up the flotillas in paras 2 and 3? b. To Which flotillas do the minesweepers in para 7 belong? T.373 has been operating in October 1945 between Swinemunde and Travemunde, which suggests she belongs to 3rd "Brigade"(flotilla). c. Anything known who are the COs of the ships and Brigades reported?

Copy #7 of 8

SECRET

STRATEGIC SERVICES UNIT
WAR DEPARTMENT
MISSION TO GREAT BRITAIN
United States Forces, European Theater

APO 413, U.S.Army
4 February 1946

PROGRESS REPORT, X-2 BRANCH, 1 January to 31 January 1946.

1. GENERAL: With the departure of the Art Unit during January X-2 Branch, London, has been reduced to "permanent" status except for the contribution to the Counter Intelligence War Room.

At a meeting of representatives of MI-5, Section V of MI-6, the French and X-2 it was decided that the War Room would officially cease operations on 1 March 1946. This will mean it has lasted as a joint Allied effort for thirteen months.

It was also agreed at this meeting that captured German documents, now in possession of the War Room, which are of particular interest to the above-named four special agencies will be kept in a pool, available to all four agencies, in London. Any documents concerning only one agency, or document which can be separated into portions of interest to only one agency will be handed to that agency.

Too, it was agreed that the War Room Registry would be held intact for about four months and that one officer, sitting with MI-6, and approximately two clerks would reply to requests made by the four special agencies for information from War Room files.

The problem of answering field requests for War Room information will, as of 1 March, be handed over to the special agencies.

X-2 Branch has made approximately 200 security checks on visa applicants for the American Embassy London. These were all checked against X-2 records in London, MI-5 records, Section V records and Special Branch, Scotland Yard files.

To date thirteen per cent of these traces have resulted in some derogatory information on the individuals checked. This is very high but is thought to be due to the fact that approximately one-fourth of the month's requests were considered urgent or special by the Embassy.

In addition to visa security work the Branch has handled ten requests by the Ambassador or his staff for X-2 assistance in obtaining information on certain topics or persons during January.

Additional Branch files have been sent to X-2 Washington during January both by officer-courier and pouch.

The X-2 representative to Prague came through London where he was given files and cards pertaining to Czechoslovakia which had been built up in London.

The Branch representative from Rumania was in London for a few days en route to Washington.

During January material on several personalities, obtained from Section IX, was sent to Washington and interested field stations. Too, Washington was forwarded a copy of the Section IX Handbook which should prove to be the most valuable addition to this type material obtained up to now.

2. Intelligence Section: During this month, the main work of the section continued to consist of processing and transmitting interrogation and liquidation reports, and preparing briefs for GIS interrogations.

We summarize below important points in relation to the GIS during January.

GERMANY, AUSTRIA and CZECHOSLOVAKIA

Almost no arrests of real importance have been reported since December. Since the method of tabulation of arrests in the USCMM Weekly Intelligence Summary has changed, we can give no later figures than those recorded in the Summary for 10 January, which stated that from 16 March 1945 to 20 December 1945 5,875 GIS personnel had been arrested in the American Zone of Germany.

Interrogation reports have come in in considerable quantities, and have included some of special note. Rolf HEMPPEL, former Leiter III A, summarizes plans for a wartime stay-behind network under Allied occupation in Western Germany; more material has been received on KOPKOW of Amt IV; Hans Helmut WOLFF, a Gestapo chief in various Stapo stations abroad, and later with Amt IV in Germany, reports on Gestapo intelligence activities and on executions under its auspices; Staf MANN's Preliminary Report has some material on RSHA IV A 5, which handled "special cases"; reports on Oberstleutnant Nikolaus RITTER deal with the important operations of Ast Hamburg; Kriminalrat NEUNAU supplies some information on the Sipo School at Prague and the Stapolate Brno; and Robert von TARBUK on the penetration

activities of Gruppe VI Z Ost at Prague. There is also an interesting USFET Consolidated Report on the KdM Prague, and a Third Army study on "The SD and the RSHA", prepared on the basis of information from Stubaf Wilhelm HOETTL.

Innumerable Liquidation and Situation Reports have appeared from the War Room, and the peak will probably not be reached for about another month. Among the many studies of this sort, we mention a revised "Bibliography of the GIS", especially valuable as a reference for our sources (interrogation reports, documents, etc.) on the Abwehr and the Militaerisches Amt, but less useful on Amt VI. A series of reports has pretty well covered the various Jagdverbaende and the Leitstellen.

A liquidation Report on the Militaerisches Amt has also been issued.

So far as the internal situation in Germany and Austria is concerned, USFET reports indicate suprisingly few security difficulties. Insignificant signs of subversive activity appear in Kreis Ingolstadt, where the "Edelweiss Privat" organization is alleged to be descended from the Werewolf, and in southern Bavaria, where "Die grauen Woelfe" are supposed to be similar to the Bundschuh.

Other areas: Several of the most interesting reports have dealt with GIS activities outside of the former Grossdeutsches Reich. Among them are interrogation reports on PESCATORE, concerned with penetration activities against the Allies in Switzerland; Oberst RUDOLPH G RECKE, on the GIS in Morocco and Spain; Alarich BROHS, former chief agent of the SD in Finland; Heinrich BERNHARD, on the stay-behind network established in Franch before the invasion; August KRAATZ, on the Kriegsorganisation Portugal; very brief Final Interrogation Reports on Major Friedrich BUSCH of Abwehr I Luft in Stockholm and Major GOLCHER, Air Attache in Sweden; and a USFET study of the sabtage section of Kreigsorganisation Spain.

Repatriation: We have started a survey of the status of GIS repatriations, which have been extensive from Sweden and Turkey, and very small thus far from Spain and Portugal. The attempt is being made to get details on the locations of these persons after repatriation, and on the progress of their interrogations. In view of the quantities involved, relatively few are likely to be interrogated, and reports even on these are slow in coming in from the field.

No repatriations have taken place from Portugal since those reported at the end of November. A total of 23 GIS persons left Spain at the end of January for Stuttgart, but plans for further considerable repatriations from that country have been held up.

3. Vetting and Tracing: The past month has witnessed a considerable increase in the number of trace requests from field stations received by Saint Lendon. Traces on approximately 55 individuals have been requested by cable and information on about 140 names have been sought in pouches arriving here during January. Vetting cases continue to remain comparatively few in number.

Visa applicant checks have involved an additional 151 routine and 42 urgent traces. A separate monthly report is being forwarded on this phase of our activity.

The tracing and vetting section has been requested to trace or vet roughly 350 individuals during the past month. Of these approximately 105 have called for immediate or urgent handling while the balance have fallen into moderately routine X-2 and M.I.5 or M.I.6 central file check categories.

4. Art Unit: During January all personnel remaining in the Art Unit, London, returned to Washington where the Orion Project is to be completed.

Consolidated Interrogation Report No. 4 entitled "Linz: Hitler's Museum and Library" was distributed during January.

The Unit plans, while in Washington, to issue Consolidated Interrogation Report No. 5, "Methods of Acquisition", two more detailed Interrogation Reports and a Primer listing individuals concerned with art looting.

Files of the Unit were shipped to Washington.

Winston M. Scott
Lt. Commander, USNR
Chief, X-2 Branch

S E C R E T

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY OF WAR
HEADQUARTERS, STRATEGIC SERVICES UNIT
CHINA THEATER
APO 907

YEX-A0014

1 February 1946

SUBJECT: MONTHLY PROGRESS REPORT

TO: DH/001 and DH/005

1. Attached hereto is the monthly progress report for the Counter Espionage Section, China for the month February 1946.

For The Strategic Services Officer:

William S. Crawford
WILLIAM S. CRAWFORD
Chief CE Section, China

Distribution:

2 Washington
1 HQ. & HQ. DET.
1 Canton
1 Formosa
1 Peking
1 Shanghai
1 Tientsin
1 Tsingtao

S E C R E T

8-9-47

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY OF WAR
HEADQUARTERS, STRATEGIC SERVICES UNIT
CHINA THEATER
APO 907

1 February 1946

SUBJECT: MONTHLY PROGRESS REPORT,
COUNTER ESPIONAGE SECTION.

TO: MR. H. BEN SMITH,
CHIEF INTELLIGENCE SECTION.

PART I ADMINISTRATIVE

1. FINANCIAL STATEMENT

Because of certain necessarily outstanding advances, the books have not been closed for the month of January. The January statement, therefore, will be carried in the next monthly report along with the February statement.

2. PERSONNEL

A. Departures

(1) Lt. Col. Edward W. Harding, who was Chief, China, will leave soon for the States via air.

(2) Major Franklin Stone, of CE Headquarters, departed for the States o/a 22 January. His ship is [illegible] to dock in Seattle.

(3) Civ. M. Charles McCarthy, who was Chief, Canton office, departed for the States o/a 1 February. His ship is scheduled to dock in Los Angeles.

(4) Capt. Harry Lee, of the Canton Office, departed for the States o/a 4 January. His ship was scheduled to dock in San Francisco.

(5) Capt. Charles Hendry, of the Shanghai Office, has been cleared and processed and is waiting for the departure of a ship scheduled to dock in Los Angeles.

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(6) Capt Robert Coulson, who was Chief, Tientsin Office, has been cleared and processed and is awaiting assignment to a ship.

B. Arrivals

The following men, although not officially assigned to the CE Branch, are working with the branch in Shanghai:

(1) T/3 Frank Feger

(2) T/4 Phillip Pratt.

C. Command

Currently, the following men command the posts indicated:

(1) Civ. William S. Crawford - Chief, China.

(2) Capt. Layton - Chief, Tientsin.

(3) Capt. Burdick - Chief, Peking

(4) Lt. Stevens - Chief, Tsingtao

(5) Lt. Whitehurst - Chief, Canton

(6) PFC Thomas and James Waldron represent the CE Section at Formosa

D. Replacements

Replacements were requested from Washington. The CE Section, China, has been advised that five men, to serve as replacements, will arrive in the China Theater towards the end of Februsry.

COUNTER ESPIONAGE SECTION MONTHLY REPORT - JANUARY 1946.

PART II INTELLIGENCE

1. The following paragraphs summarize the more important operational accomplishments of and intelligence obtained by the Counter Espionage Section (X-2), China, during the month of January. To avoid so classifying this entire report, Top Secret material has been extracted and included in Part III, which may be detached from the remainder of the report.

2. SHANGHAI

A. The Filipino Situation

With clearance from AFPAC, BH/227, accompanied by Dr. H. Evangelista, flew to Manila for a five-day stay, returning to Shanghai 1 February. In Manila, BH/227 consulted the Secretary to the Filipino president, the Minister of Justice, and Solicitor General concerning the disposition of Filipino collaborators and traitors in China. He further contacted representatives of AFPAC War Crimes and CIC in reference to Filipinos wanted in Manila who have fled to China. Finally, he spoke with Hutchinson, Special Assistant, prosecutor, and investigator will come to Shanghai to consider taking the implicated Filipinos back to the Philippines for trial.

B. The Sino-French Situation

The Chinese have indicated that, with the official closing of French Consular courts in China, they consider the Carcopino-Tusoli case closed. Roland Sarly, however, is still in jail, in Chinese custody, although no official charges have yet been brought against him. Unofficial Chinese sources have stated, to the French, that Sarly was denounced mainly by French individuals who have since refused officially to testify or prefer charges against him.

C. Incidental Argentine Intelligence

Dr. Chen Chieh, newly appointed ambassador to Argentina, has held several conferences at the Metropole Hotel with the new Argentine ambassador, Dr. Jose Arce and his military

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CE SECTION MONTHLY REPORT - JANUARY 1946.

attache, Lt. Col. A. de Soria. Both ambassadors are considered, according to sources, to be among leading fascist-minded individuals of their respective countries. The Tai Li organization seems unduly interested in these meetings and is said to be watching the proceedings closely. Intercepted Russian wires, from either Chungking or Moscow, have made inquiries concerning the activities of the Argentine Ambassador.

D. Chinese Activities

(1) Information dated 27 December and evaluated B-2 reveals that more than twenty representatives of the Political Section of the new Fourth Army are operating in Shanghai's Hongkew District, urging former Japanese soldiers and ex-Municipal Police officers to join the new Fourth Army.

(2) On 17 January, Toshio Namba came to this office, accompanied by Noburu Fukuhara and (fnu) Tajiri. Namba, a graduate of the University of California, was formerly Civil Affairs Officer, Information and Liaison Section, Japanese Naval Affairs Office, Shanghai. Fukuhara, who speaks Russian, but no English, was in charge of Russian affairs for the same office. Tajiri handled French affairs. Namba serves as interpreter for all three. They have been approached on several occasions by the Chinese and asked to engage in espionage activities against the Russians. The Chinese who approached them further alleged that they were acting in behalf of and in cooperation with American forces.

(3) Communists have established and are operating a "Political Training School" in this city. Forty classes of between forty and fifty members each have been graduated. At present, two organizations in Shanghai are carrying out communist directives and programs. One consists of graduates of the aforementioned school and is engaged in intelligence work; the other, an organization of workers, is to be charged with destruction and sabotage of designated targets in the city.

(4) Major Mao, Officer in Charge of the 147 Weihaiwei Road Gendermerie, Special Section, has received instructions to revise his special service work. His new line is to be surveillance of U.S. Intelligence and French underground work.

(5) In line with the preceding sub-paragraph, evidence indicates that the intelligence bureau of the Shanghai-Woosung Garrison Headquarters is now employing a number of foreigners of questionable nature to report on activities of employees of American organizations, especially on intelligence activities.

(6) A recent report discusses certain organizations, from which members are not permitted to resign. Before joining, members do not know that the organizations are under Tai Li domination.

E. Japanese Note On Soviet Methods

A Japanese source in Peking alleges that the Soviets used military intelligence and agents of "The Foreign Commissariat" to carry on work in Manchuria. Radio and wireless sets were used, stations being located in Harbin, Dairen, and Manculi. The Soviets also utilized "camouflaged Red Army deserters" as double agents. Source indicates that Japanese counter espionage was ineffective.

F. Incidental German And Japanese Intelligence Notes

(1) In a signed statement, Frederick Anton Wiehl, American citizen who was employed in Shanghai by the Germans during the war and who is now under arrest by the U.S. Army, accuses Karl von Wiegand, star INS correspondent, of being "a German agent in the United States". Wiehl, in his statement, discusses observed activities of von Wiegand and states, "There can be no doubt that (he) was taking orders from Flick-Steger and the German Government at Berlin and executing these orders in the United States." Wiehl states that von Wiegand was supposedly on friendly terms with the Japanese at Manila, where he was at the outbreak of the war. A submarine brought him to Shanghai and he was not interned until repatriated in September 1943.

(2) During the war, the Japanese intelligence organization in Singapore was directly under Japanese Imperial Headquarters in Tokyo. It concentrated on counter intelligence work, the main purpose being to unearth information concerning Allied shipping movements and similar data. All Japanese agents were specialists who had been trained in Japan.

CE SECTION MONTHLY REPORT - JANUARY 1946.

3. FORMOSA

A. The Underground

During the war, the Formosan underground organized in China was known as the Formosan Workers Corps. It was unable to plant agents on Formosa, giving lie to the stories that an active underground operated on the island during the war.

B. History Of Kempei Tai

Major General Katsuchi Kamisago, Commander of the Kempei Tai in Formosa and possible war criminal, is preparing a comprehensive history on the Kempei Tai for two representatives of this branch, said history being based on thirty years experience with the Kempei Tai.

C. Cooperation With G-2

Two Summary memoranda on the Kempei Tai and Roma were prepared by representatives of this branch at the request of Lt. Col. Reginald L. Hatt, G-2, Formosa.

4. PEKING

A. Seized Documents

This office seized six hundred pounds of documents from the German Embassy. Among other items, this prize yielded sealed diplomatic pouches, as well as documents revealing the disposition of nine hundred thousand dollars of German funds in North and South America during the years 1940 - 1944.

B. Chinese Intelligence

(1) In the light of previous reports on current Chinese intelligence trends, the following is of interest. Chinese Intelligence has taken over, intact, the Tominaga Organization. According to Col. Hidaka, Japanese intelligence chief, the Tominaga Organization consisted of an interception station and a research office and was engaged exclusively in obtaining information regarding the USSR. Hidaka regards the enterprise as his most successful and effective operation.

(2) In another case, it has been established that a former Japanese intelligence official was asked to work for the Chinese. (NOTE: subparagraphs 2-D-(1) and 2-D-(2).)

CE SECTION MONTHLY REPORT - JANUARY 1946.

C. Notes On Activities Of Russian Individuals

(1) The Peking Office has processed a large number of reports on various individuals of Russian descent, encompassing current Soviet activities of certain individuals and current activities of Russians who allegedly collaborated with the Japanese.

(2) Archbishop Victor, head of the Orthodox Church in North China, after a visit to Manchuria, has come out strongly for the Soviets in North China. He is known to be urging White Russians to apply for Soviet citizenship and to speak strongly for USSR as the mother country to which all Russians owe allegiance.

D. Review - Month Of January

In addition to the foregoing paragraphs, Peking reported the following achievements during the month of January:

(1) Completed and forwarded eighty-two intelligence reports.

(2) Completed investigation of Ehrhardt Bureau by interrogation and obtaining statements from all personnel.

(3) Added to growing list of informants and established code numbering system for informants.

(4) Arranged to get personnel for the Executive Committee, Truce Commission.

(5) Continued to maintain cordial relations with the Assistant Division Commander, First Marine Division, Peiping; made approximately thirty name checks for organization; obtained information on ten persons who were of interest to the Marines (One such inquiry resulted in recommendation that individual not be hired because of possible Soviet intelligence connection; this was confirmed by fact that individual later became regular employee of Soviet Consulate).

(6) Added some two hundred names to card index files.

CE SECTION MONTHLY REPORT - JANUARY 1946.

5. TIENTSIN

A. December Review

Peking reports that during the month of December, that office completed its survey of Japanese intelligence, with organizational charts, complete name lists of personnel, memoranda on training methods and postwar plans, and etc., completed its record of German activities, with name lists, interrogations, and arrest of key figures; completed its study of local Koreans; dossiered the last of one hundred-odd White Russians of interest in the area; and forwarded thirty memos on communist relations, the memos based on three trips into communist-held territory, among other considerations.

B. Japanese Intelligence

The Special Section (Osobyi Otdel) of the Japanese Railroad Police, with Headquarters at Peking, was established by the Foreign Department of the Japanese 1800th Army Group Headquarters soon after the outbreak of the China Incident in 1937. Its function was the combatting of communist and comintern activities in China, mainly in the North.

C. Collaborators

This office has processed a great number of reports on collaborators, especially collaborators of Russian origin.

6. CANTON

A. Note On Japanese Counter Espionage

In line with a previous Peking report to the same effect, the Canton Office reveals that no evidence has yet developed to indicate that the Japanese in that area knew anything about O.S.S.

B. Puppet Plans For Assassination Of American And British Personnel

The following information is included in a report on the counter espionage personnel of the Puppet National Army of Kwantung Province. A secret order revealed that this army had intended to send a special job mission into the

CE SECTION MONTHLY REPORT - JANUARY 1946.

interior of China to assassinate American and British personnel.

C. General

The Canton Office continues to produce a large volume of reports on collaborators, stay-behind agents, and such. Its coverage includes Macau.

D. Special Review: 1 November - 1 January

McCarthy was interviewed prior to his departure for the States and he gave the following resume of Canton activities during the period 1 November 1945 through 1 January 1946.

(1) During the period noted, the Canton Office provided the Chinese Second Area Command with information which led to the arrest of sixty-four puppets, collaborators, former Japanese intelligence agents, Japanese stay-behind agents, war criminals and smugglers.

(2) These individuals are currently being interrogated by the Chinese and their disposition will be decided by the Second War Area Command. This Command is preparing copies of the interrogations and will furnish same to the Canton Office, which, in turn, will report on those points which are of CE interest.

(3) As of 1 January 1946, summaries on one hundred and twenty-six additional puppets, collaborators, etc., were being translated for presentation to the Second War Area Command for action and disposition.

(4) Among those arrested was one Chinese who was responsible for the arrest and execution of two American fliers who were forced down in the Canton area; he is currently being interrogated.

(5) The Canton Office is responsible for the arrest by the British in Hongkong of another Chinese who arrested and buried alive an American fighter pilot who was forced down in Hongkong.

(6) During the period noted, the Canton Office uncovered a sizeable counterfeiting ring which, under Japanese domination, was producing spurious Chinese National Currency.

CE SECTION MONTHLY REPORT - JANUARY 1946.

(7) Currently, the Canton Office is gathering considerable additional evidence on Japanese agents, etc., and also of two more Chinese responsible for the deaths of four American airmen.

COUNTER ESPIONAGE SECTION MONTHLY REPORT - JANUARY 1946.

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PART III TOP SECRET INTELLIGENCE

(NOTE: Items 1, 2, and 3 originate in Shanghai; 4, 5, and 6 in Peking)

1. SOVIET INTELLIGENCE

A. Anti-American Propaganda Campaign In Shanghai

(1) A definite Soviet campaign to discredit American personnel has been underway in Shanghai for some time. It is no small matter; the Shanghai office prepared a memo on the subject for G-2 at the request of G-2.

(2) The campaign is designed to discredit the American Armed Forces in particular, and the United States in general. Principal sponsors are Soviet agents, and most of the activity is carried on through local Russian and Russian-controlled Chinese Newspapers.

(3) Attention is called to the semi-monthly report of 15 December which carried examples of the type of news item and editorial treatment utilized to implement this campaign. It should be noted that effective use is also made of the cartoon device. For example, one cartoon depicts Uncle Sam, with ape-like arms encircling the Pacific Ocean; just within his fingertips is a small atoll. The caption is: "Just one Pacific island base."

(4) There are in Shanghai certain cafes and bars where Soviet propaganda is dished out to American sailors and soldiers by bar girl-prostitutes.

(5) With the exception of certain Chinese, no other nationals are known to be disseminating rumors derogatory to American personnel.

B. Propaganda Machine

Soviet propaganda among American and British Army and Navy personnel in Shanghai is directed by N. I. Shvetzoff, Director of TASS in China and head of Soviet propaganda, and his deputy, M.F. Yakshamin, manager of the Shanghai branch of TASS. Soviet propaganda in Shanghai and other Chinese towns, according to evidence at hand, is actually

conducted by members of (1) the Soviet Youth Organization; (2) Soviet Women's Association; (3) Soviet Citizens' Trade Association; and (4) USSR citizens and applicants for USSR citizenship who are employed at different U.S. Army offices and military establishments.

C. Notes On History Of Soviet Propaganda In China

(1) Soviet propaganda activities in China trace back to 1919, when an agent of the USSR, well-supplied with funds, was sent to Siberia to recruit and train Mongol, Korean, Chinese and Japanese propaganda agents. This mission was not particularly successful.

(2) In 1920, a second attempt was made. A propaganda agent, posing as a representative of ROSTA (predecessor of TASS), arrived in Peiping to set up a propaganda network. Later, the Soviets cloaked him in diplomatic status, and he was moderately successful in recruiting and training Soviet propaganda agents who disseminated Moscow-originated press reports.

(3) The influence of the Soviets in China reached its zenith in 1927 when an agent accompanied CHIANG on his famour march from Canton to North China. Following this, the Soviets apparently became concerned over the potential threat of the Chinese communists as a military menace.

(4) During the war, Soviet propaganda in China was comparatively inactive, but, with the entrance of Russia into the war, the propaganda machine went into high gear.

(5) Currently, practically all Soviet propaganda is being conducted by TASS. In China, it seems directed towards dissemination of rumors derogatory to American personnel and influence of foreign powers in China. (TASS was officially established in China in 1927.)

D. Main Aims Of Soviet Propaganda In China

The following are among the fourteen main aims of Soviet propaganda in China which are listed in a recent report:

(1) To convince Chinese public opinion that the USSR state structure is the best;

(2) To persuade the Chinese masses that foreign armed forces should leave Chinese territory in the shortest possible

time (pointing out that Red Army is leaving China after three months):

(3) To convince the Chinese that only the USSR sincerely desires the liberation of the peoples of Asia;

(4) To discredit U.S. and British Armed Forces in China by playing up incidents of misbehavior;

(5) To convince the Chinese that the Chinese communist armies took the most active part in the liberation of China -- when the government sent Nationalist armies to blockade the communists instead of fighting the Japanese.

2. CHINESE INTELLIGENCE

BH/072 reported the following verbally at Shanghai:

Tai Li was in Tientsin about two weeks ago for the purpose of shadowing T. V. SOONG. Soong referred Tai Li's surveillance of him and clo ted himself with the SSU commanding officer (Tientsin) and with BH/072 and BH/212 at the airport -- much to Tai LI's dislike.

Tai Li requested permission to call on SSU, Tientsin. He did so. BH/212 attended the meeting and pretended not to understand Chinese. He reported that the interpreter misinterpreted and referred sarcastically to thoughts expressed by the Americans, as well as misinterpreting and expanding on Tai Li's Remarks.

3. RAMONA

As per instructions, Ramona information is now the subject of separate reports.

4. ADDITIONAL SOVIET INTELLIGENCE

A. Soviet diplomatic officials in the Peking area are apparently concentrating on getting all Russian nationals to apply for Soviet papers. They were aided in their campaign by a former White Russian inspector of Chinese Police in charge of Foreign Affairs, who, working closely with Soviet authorities, informed White Russians who came to register at the Police that it would be necessary for them to have Soviet papers since the Chinese offered them no protection. White Russians have learned that the man misrepresented, since

it is possible for a White Russian to retain emigrant status if he obtains a Chinese guarantor. Consequently two hundred local White Russians (Peking) are not applying for Soviet papers and are contemplating the formation of a new White Russian organization.

B. The Soviet Consulate at Peking is establishing a school to teach English, Chinese, and Mongolian languages. Students will be brought from USSR. Head of the school is an old time USSR diplomatic official in China.

C. During January, records of the Bureau for Russian Emigrants were seized by the former president of the organization and taken to the USSR Consulate.

D. Information obtained reveals that, during the latter part of December 1945, the Soviets took at least three people from Peking by Soviet airplane. Because of the extreme secrecy of the Soviet operation, complete details are not available.

5. ADDITIONAL CHINESE INTELLIGENCE

In Peking, through a confidential informant close to a member of the Tai Li organization, it was learned that the organization has a plan to finance part of its intelligence activities by allowing members to engage in business. The plan is based upon the probability that a Consultive Commission will be established to govern China. This commission will have communist members, and, in view of the fact that the commission will have the right to audit expenditures, it is anticipated that the amount allowed for intelligence will be cut to one-fifth of the current appropriation.

6. BRITISH INTELLIGENCE

Two representatives of the British Army with intelligence connections are still in Peking. However, they do not appear to be very active and seem to confine themselves to contacts in local English circles.

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UNITED STATES FORCES EUROPEAN THEATER
STRATEGIC SERVICES UNIT/WAR DEPARTMENT
MISSION TO GERMANY
APO 757

SECRET

11 February 1946

SUBJECT: Progress Report, January 1946

TO: Commanding Officer, SSU/WD Mission to Germany, APO 757

I. OUTSTANDING ACHIEVEMENTS

(No information to report.)

II. CURRENT PROGRESS

1. General

P-Units in Berlin, Heidelberg, and Munich were visited during the month by the Chief of the Branch and Chief of Production. The personnel situation of the branch was reviewed and steps were taken to assure the civilianization of a number of officers and enlisted men. The Chief of Production in consultation with P-Unit chiefs drew up a tentative schedule for substitutions to cover rest and rehabilitation leave and replacements for personnel expected to leave the service.

Direct contact with the P-Units and with the Swiss, French and Austrian missions afforded an opportunity to (1) exchange jurisdictional control of operations mounted by AMZON and Austria but developing beyond the areas worked by each of the missions; (2) explore the possibilities of using Paris contacts in AMZON; and (3) coordinate the flow of intelligence and the exchange of operational supplies.

Steering activity increased during January, especially with regard to the Baltic area and military and industrial targets in the Russian Zone, for which special briefs were prepared. A number of Steering leads were prepared for the Prague Unit and individual reports from other units were made the basis for further intelligence direction. At the request of several theater authorities a special short-term brief was drawn up on the Jewish immigration problem and operations were initiated by the Berlin and Heidelberg Units.

2. Summary Evaluation of Incoming Intelligence

The total number of reports received during January declined further from 775 to 690, but the number of AMZON disseminations rose from 169 to 185. This net increase of sixteen was accounted for by an increase of twenty-nine AMZON reports and a decrease of thirteen disseminations processed by AMZON of material from other missions. The number of reports disseminated would be further increased if account were taken of loans of reports to individual agencies (particularly G-2, USFET, ICD, and Ambassador Murphy's office) and of the practice of combining several reports into a single dissemination. The number of redistributions from multiple copies provided by other missions fell from 134 in December to 106.

The quality of intelligence disseminated was seldom really brilliant but did maintain an encouraging level. P-Units are showing an increasing overall competence, greater discrimination and thoroughness in their exploitation of useful sources, and greater response to intelligence direction. It is significant that while the number of P-Unit reports declined from 392 in December to 368, the number of disseminations rose from 97 to 124. Berlin maintained its high level of quality, coverage increased in the French Zone and the Seventh Army area, most units reached higher standards of reporting than they had reached before, and none fell below to a significant degree. A new chain (Westmoreland) promises well.

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Intelligence from Prague kept its usual quality and increased in quantity. Copenhagen provided a greater variety of intelligence than before and continued to supply military intelligence, good but of narrow interest, for G-2. The Low Countries missions provided nothing of special interest to AMZON.

Figures for reports from other missions dropped: The total number received, from 317 to 245; the number disseminated by AMZON, from thirty-eight to twenty-five; the number received in multiple copies, from 134 to 106. But as will be seen below, the quality continued high, though there are wide gaps in coverage, especially in the Balkans.

Military intelligence dropped slightly in quantity (from forty in December to thirty-five) but the high quality was maintained. AMZON's Wiltshire and Kent, the Austrian mission, Warwick, Hampshire/Barton, and Stockholm gave a broad and in some cases intensive coverage. The British War Office's evaluation of "A" for two earlier reports (L-1004 and L-1032) was a most useful support for confidence in the reporting of Kent 2 and 3 and Wiltshire/Calne 3 and 4, who provided them.

a. SSU/Germany

(1) P-Units

(a) Berlin Unit. The continued improvement in Berlin reporting is indicated by the steadily increasing proportion of disseminations to the total of reports received. In November the figure had been 44 out of 183; in December it was 54 out of 172; and in January it was 71 out of 167. Berlin's coverage of political subjects, particularly of party activities in the Russian Zone, and of the Berlin scene, continued to be very good. Coverage of industry and finance has been less thorough than that of politics, but there has been a fairly steady flow of intelligence on the status of individual industries. A number of reports had local counter-intelligence interest. There is still no consistent channel of information on the northern part of the Russian Zone. Reports on Poland continue to cover a limited area in a rather hit-or-miss fashion, but a certain amount of useful political and military information has been received. Exploitation of returning PWs for information on Russia has been fairly thorough, and though the casual subsources are individually of indeterminate reliability, their information has attracted the interest of G-2 USFET. The volume of military intelligence was considerably lower than in December, but there was little if any deterioration in quality; there were good reports on troop locations, redeployment, and replacements. In general the greatest volume of valuable intelligence came from Wiltshire/Maxton, the Wiltshire/Calne chain, and Buckingham/Aylesbury.

(b) Third Army Base. Northampton and Northampton/Eydon continued to provide fairly thorough reports on Munich politics, with emphasis on the complex maneuvers within and between the parties during the election campaign. The quantity of disseminable material has risen; there were nine disseminations from Northampton and sixteen from Northampton/Eydon, as against thirteen for both groups in December. The best coverage has been Eydon's of the Christian Socialist Union and of clerical matters, but this group's useful weekly report has improved in its handling of other parties as well. Northampton provided good coverage of the Liberal Democratic Party, and both groups gave attention to the implications of monarchism in Bavarian politics. There remains, however, a wide field of activity which is not covered thoroughly by secret intelligence, particularly with regard to the KPD and SPD; much of our coverage of this field is still semi-overt, gossipy, or unimportant.

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(c) Seventh Army Base. Units reporting to this base continued their wide-ranging activities by providing, as before, good information on OB (Kent), industrial conditions in the Russian Zone (Northumberland), political activity in North Baden (Norfolk), and the like. Kent's one long OB report maintained that unit's usual standard. Northumberland did not maintain its flow of intelligence on the Nürnberg area, but did continue to exploit carefully its contacts with casual subsources from the Russian Zone. Norfolk's coverage of the Mannheim and North Baden area was as thorough as before and of improved quality; there were good reports on political activity leading up to the Gemeinde elections and on KPD educational ventures. Much more detailed information was furnished on party activities and personalities in Heidelberg. The effort to cover the French Zone has been extended, and has produced three reports which, though vitiated by a time lag, served to supplement information received from Paris. An attempt was made to fill the gap in intelligence on Wuerttemberg with reports on the SPD conference in Stuttgart and on the Democratic Party; more detailed information from this region is still urgently needed, and arrangements are being made to supply it.

(d) Other. The new Westmoreland chain has been briefed and began to submit reports at the end of the month; the intelligence experience of its leading member and its access to secret information all over Germany and in some other countries raise high expectations. The new Leicester chain has not proved productive so far. Though the Bedford chain was officially closed out on 1 January, it later submitted four reports of which one was disseminated.

(2) Prague

The quality of Devon coverage has continued at its accustomed high level, and with a slight increase in quantity. Of forty reports received in time for processing in January, all but five were disseminated, some with high priority.

Political reporting again predominates, with close attention to party maneuvers in anticipation of the 26 May elections, the formation and scope of the two new Slovak parties, and the possible retaliation by Slovak Democrats in crystallizing rightist forces in Bohemia and Moravia. The Communists' continued denunciation of Obzory and their attacks on certain government officials have been well covered, as well as new phases of the deportation of Germans. Reports on Russian activity in Czechoslovakia have been few but important, especially on the official status of Soviet military and civilian personnel left within Czechoslovak borders. Only two economic reports, both of little value, were received during January. The mission also has furnished a less complete coverage of the Prchala anti-government group than would be expected.

One indication of the usefulness of Devon reports to AMZON customers is that in two succeeding G-2 Weekly Intelligence Summaries the sections on Czechoslovakia were compiled exclusively (except for a few sentences in one) from our Prague intelligence.

b. Other Missions

(1) Bern

The bulk of Bern production for January was of primary interest to the Austrian mission, and AMZON has arranged to receive Austria's disseminations of such material. Meanwhile, however, a good series of seventeen statistical reports on Hungary has been lent to various branches of USFET pending receipt of Austria's disseminations. Bern's Balkan intelligence is spotty, and some of it, notably on Yugoslavia, is inclined to bias, but there were two highly interesting reports on the Soviet Union: B-3427 on the elections and L-1090 on an interview with General Semeonov.

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(2) Cairo

Clarification of the Turkish situation in Cairo (and Warwick/Coventry) reports has considerably sharpened AMZON focus upon that area, but the lack of intelligence on the important subject of Turco-Russian OB is regretted. The average flow of reports on Greece was maintained, with emphasis upon the Northern Epirus and some items of fair interest on the Dodecanese. Coverage of Iran fell off and was further weakened by time-lags in the pouches; there were no reports at all on Albania, Bulgaria, or Rumania. A brief report (G-9097) on British interest in the port of Alexandretta aroused hopes for good coverage of political maneuvers to come.

(3) London

Warwick's very thorough series of reports on the Polish Army was welcomed by G-2 USFET, which described them as "unquestionably the most comprehensive study of the subject known either at USFET or in Washington." Coventry continued to supply high-level intelligence on Greece and Turkey and a flow of detailed information on the infinitely complex situation in Spain. London's procurement of evaluations of AMZON reports continues to be of great value and interest.

(4) Low Countries

Neither Espinette nor Melanie provided reports which were disseminated during January.

(5) Paris

The French Mission supplied thirteen reports of considerable interest to AMZON customers. Dorset/Comscombe, sponsored by Paris with the close cooperation of AMZON, made an excellent beginning in valuable reports on relations between the SPD in Germany and emigres in England and France; on maneuvers within the SPD leadership, particularly in regard to the rift between Schumacher and Severing; on the background of the SPD-KPD merger proposals, and on SPD organization. Paris was also the best source of intelligence on the French Zone, with good coverage of the Palatinate and the Saar. Dorset/Kimmeridge, a relatively new source, provided two interesting reports on epuration among French Army officers and on recent French decisions as to the handling of PWs. Hampshire/Bramley gave good coverage to economic rehabilitation in Luxembourg and to the possible formation of a new nationalist party in France. Hampshire/Barton, less productive than usual, was represented by a single dissemination on Polish military personalities. There was a surprising silence on the French government crisis.

(6) Scandinavia

As in December, twenty-five reports were received from Copenhagen of which three were disseminated, but the large proportion of military intelligence was lent to G-2 USFET without other dissemination. In addition, however, there were a number of thorough reports on the situation in South Schleswig, most of which arrived too late for dissemination in January, and a useful compilation of biographical data on all leading Danish Communists. An increase in intelligence from other sources than Berkshire/Windsor is noted. Stockholm provided three reports of which two, on the Baltic refugees and an OB note on Finland, were disseminated.

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(7) Vienna-Salzburg

This mission produced nearly half of AMZON's supply of military intelligence to G-2 USFET; its reports dealt mainly with Red Army OB in Austria. Despite a tendency to overrate troop strength and some inaccuracies in identification, this source of information was rated as "good" by G-2. A renewal of emphasis on the Hungarian political and economic situation was welcome, and reports on Yugoslavia, while not abundant, were of high quality. The Sarazen reports were of the greatest interest, and intelligence on Austria is steady and thorough.

III. FUTURE PLANS

Meetings with the Chief of the Paris Mission and the Prague Unit are planned for the coming month.

Hugh T. Cunningham
HUGH T. CUNNINGHAM
Captain, AUS

For GORDON M. STEWART
Major, FA
Chief, SI

Enc: Appendix

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